

**BELLSOUTH**

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE GENERAL COUNSEL

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

Re: CC Docket No. 95-116

Dear Ms. Salas:

Today Gordon Evans, representing Bell Atlantic, James Smith, representing Ameritech, and I, representing BellSouth, met with Larry Strickling, Chief, Competition Division, Office of the General Counsel, to discuss an alternative proposal for recovering costs incurred to implement local number portability. The attached document formed the basis for that presentation.

Two copies of this notice are filed in accordance with Section 1.1206(a) of the Commission's rules. Please associate this notification with the proceeding identified above.

Sincerely,



Kathleen B. Levitz  
Vice President - Federal Regulatory Affairs

Attachment:

cc: Larry Strickling

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## LARGE ILEC CONSENSUS PROPOSAL FOR LNP COST RECOVERY

1. LNP cost recovery for incumbent local exchange carriers (ILECs) would occur in the interstate jurisdiction via a federally approved end user charge.
2. LNP Type I (industry shared) costs would be pooled at a regional level and allocated among all regional NPAC users based on end user (i.e. retail) revenues.
3. Each carrier would be responsible for the recovery of its allocated share of the Type I costs and its own Type II (carrier-specific) costs.
4. ILECs could recover Type I and Type II costs through an optional, flat rate end user charge. The federal end user charge would be developed on a company-wide basis and this uniform federal charge would be applied to all customers.  
ILECs would have the option to forego or cease billing of this charge at any point during the prescribed recovery period, for all customers within a state.

Per line charge would apply to all business, residence, foreign exchange, feature group A, resold lines, and unbundled local switching ports.

Centrex lines would be charged on a 9:1 line to trunk equivalency ratio and PRI ISDN on the basis of five times the amount assessed to multi-line business customers.

5. ILECs may begin recovering LNP costs via the federal LNP end user charge on a company-wide (regional) basis as early as March 31, 1998, the FCC-mandated implementation deadline for LNP Phase IMSAs. At a minimum, ILECs should be permitted to begin recovering their costs on a statewide basis once LNP is initially

available in a given state. [Note: US West does not support this alternative state by state approach.] ILECs, such as GTE that serve more geographically dispersed areas would have the option to develop the end user charge based on nationwide total company LNP costs.

The benefits of LNP availability accrue to all customers using the public switched network. Customers in an LNP equipped area would be able to choose to take service from any facilities-based local exchange carrier without having to change their telephone number and every other user of the network would still be able to reach the customer who ports to a competitor.

6. Nothing in the Commission's LNP cost recovery order should foreclose an individual ILEC's ability to demonstrate, during the tariff review process, the LNP-specific nature of the costs it is seeking to recover as Type II costs. The Commission should adopt its tentative conclusions from the further notice on LNP cost recovery and allow individual companies to make their case at the tariffing stage. Market conditions and networks vary significantly among ILECs and, generalized, up-front disallowance of specific types or categories of costs should be avoided.
7. Carrying charges (cost of money) can be applied to the total Type I and Type II costs ultimately recovered, as well as a reasonable contribution to joint and common costs.
8. The Commission would cap the LNP flat rate end user charge at "less than \$1.00 per line, per month." Recovery of the end user charge should be limited to a period not to exceed 5 years.